

House File 324 - Introduced

HOUSE FILE _____
BY ALONS, RAYHONS, DRAKE,
TYMESON, DEYOE, WORTHAN,
DE BOEF, SCHULTZ, WINDSCHITL,
SANDS, STRUYK, KAUFMANN,
HEATON, WATTS, TJEPKES,
HELLAND, GRASSLEY, S. OLSON,
and SORENSON

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing to taxpayers taking the standard deduction a
2 deduction for property taxes paid when computing taxable
3 income and including effective and retroactive applicability
4 date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1682YH 83
7 tw/mg:sc/14

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1 1 Section 1. Section 422.9, subsections 1, 6, 7, and 8, Code
1 2 2009, are amended to read as follows:
1 3 1. a. An optional standard deduction, after deduction of
1 4 federal income tax, equal to one thousand two hundred thirty
1 5 dollars for a married person who files separately or a single
1 6 person or equal to three thousand thirty dollars for a husband
1 7 and wife who file a joint return, a surviving spouse, or a
1 8 head of household. The optional standard deduction shall not
1 9 exceed the amount remaining after deduction of the federal
1 10 income tax. The amount of federal income tax deducted shall
1 11 be computed as provided in subsection 2, paragraph "b".
1 12 b. An individual taking an optional standard deduction may
1 13 deduct, in addition to the deductions under paragraph "a", an
1 14 amount equal to the amount of property taxes paid on the
1 15 individual's primary residence. The additional deduction
1 16 shall not exceed five hundred dollars for a married person
1 17 filing separately or a single person and shall not exceed one
1 18 thousand dollars for a husband and wife who file a joint
1 19 return, a surviving spouse, or a head of household.
1 20 6. In determining the amount of deduction for federal
1 21 income tax under subsection 1, paragraph "a", or subsection 2,
1 22 paragraph "b", for tax years beginning in the 2001 calendar
1 23 year, the amount of the deduction shall not be adjusted by the
1 24 amount received during the tax year of the advanced refund of
1 25 the rate reduction tax credit provided pursuant to the federal
1 26 Economic Growth and Tax Relief Reconciliation Act of 2001,
1 27 Pub. L. No. 107-16, and the advanced refund of such credit
1 28 shall not be subject to taxation under this division.
1 29 7. In determining the amount of deduction for federal
1 30 income tax under subsection 1, paragraph "a", or subsection 2,
1 31 paragraph "b", for tax years beginning in the 2002 calendar
1 32 year, the amount of the deduction for the tax year shall not
1 33 be adjusted by the amount of the rate reduction credit
1 34 received in the tax year to the extent that the credit is
1 35 attributable to the rate reduction credit provided pursuant to
2 1 the federal Economic Growth and Tax Relief Reconciliation Act
2 2 of 2001, Pub. L. No. 107-16, and the amount of such credit
2 3 shall not be taxable under this division.
2 4 8. In determining the amount of deduction for federal
2 5 income tax under subsection 1, paragraph "a", or subsection 2,
2 6 paragraph "b", for tax years beginning in the 2008 calendar
2 7 year, the amount of the deduction for the tax year shall not
2 8 be adjusted by the amount received during the tax year of the
2 9 income tax rebate provided pursuant to the federal Recovery
2 10 Rebates and Economic Stimulus for the American People Act of
2 11 2008, Pub. L. No. 110-185, and the amount of such income tax
2 12 rebate shall not be subject to taxation under this division.

2 13 Sec. 2. Section 422.21, unnumbered paragraph 5, Code 2009,
2 14 is amended to read as follows:
2 15 The director shall determine for the 1989 and each
2 16 subsequent calendar year the annual and cumulative inflation
2 17 factors for each calendar year to be applied to tax years
2 18 beginning on or after January 1 of that calendar year. The
2 19 director shall compute the new dollar amounts as specified to
2 20 be adjusted in section 422.5 by the latest cumulative
2 21 inflation factor and round off the result to the nearest one
2 22 dollar. The annual and cumulative inflation factors
2 23 determined by the director are not rules as defined in section
2 24 17A.2, subsection 11. The director shall determine for the
2 25 1990 calendar year and each subsequent calendar year the
2 26 annual and cumulative standard deduction factors to be applied
2 27 to tax years beginning on or after January 1 of that calendar
2 28 year. The director shall compute the new dollar amounts of
2 29 the standard deductions specified in section 422.9, subsection
2 30 1, paragraph "a", by the latest cumulative standard deduction
2 31 factor and round off the result to the nearest ten dollars.
2 32 The annual and cumulative standard deduction factors
2 33 determined by the director are not rules as defined in section
2 34 17A.2, subsection 11.
2 35 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
3 1 This Act, being deemed of immediate importance, takes effect
3 2 upon enactment and applies retroactively to January 1, 2008,
3 3 for tax years beginning on or after that date.
3 4 EXPLANATION
3 5 Currently, federal law allows taxpayers to take a deduction
3 6 for residential property taxes paid even when they do not
3 7 itemize deductions, but Iowa law does not currently provide an
3 8 additional property tax deduction to taxpayers taking the Iowa
3 9 standard deduction.
3 10 This bill allows state individual income taxpayers taking
3 11 the standard deduction to take a deduction for residential
3 12 property taxes paid. The deduction is limited to \$500 for
3 13 individuals and married persons filing separately, and is
3 14 limited to \$1,000 for a husband and wife who file a joint
3 15 return, a surviving spouse, and a head of household.
3 16 The bill takes effect upon enactment and applies
3 17 retroactively to January 1, 2008, for tax years beginning on
3 18 or after that date.
3 19 LSB 1682YH 83
3 20 tw/mg:sc/14